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Yeiser, John Otho

Real money, just enough everywhere

Omaha

1920

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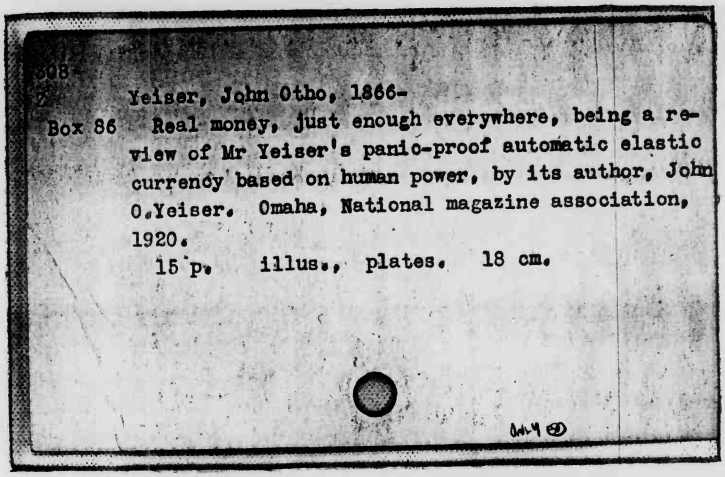
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REAL MONEY

Just Enough Everywhere

BEING A REVIEW OF MR. YEISER'S
PANIC-PROOF AUTOMATIC
ELASTIC CURRENCY BASED
ON HUMAN-POWER

BY ITS AUTHOR
JOHN O. YEISER

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AUG 2 6

27 Aug 1920 Smut

PRELUDE

Everyone should know that the enormous inflation of currency was and is the most pronounced influence in the high cost of living.

This issue of money through Federal Reserve Banks, and the natural increase through foreign demands for our produce, occasioned by the war, raised the price of wages and, also, all products of labor, and products in reserve. The natural result of an increased demand, a decreased supply, **and an increased volume of money with which to pay,** upset old and familiar relatively low-priced standards and gave the profiteer the opportunity of making greedy demands a little—or rather much—above the normal increase over old known standard markings. He took the chance of imposing on the public, because of its ignorance of how much prices really should be advanced. The universal raise of wages and prices in general unison, and in the same proportions, does not give to the consumer any more or any less, but does have an effect upon the crowd - mentally. It is a stimulation, because it makes the public mind feel invigorated and prosperous. If the individuals of the public find they are being imposed upon by the merchants and others who raise prices **disproportionately** or **faster than wages and costs raise,** so as to absorb all earnings before usual demands are supplied, there is a feeling of reaction. But what is the use of a raise of **both** wages and prices in the same relation unless the industry of the country be inspired thereby into healthy activity? That is all—perhaps it is worth it. It cannot be denied

that the mere psychological effect is of some value.

On the other hand, when a man comes forward proclaiming for a general, or a gradual deflation of the currency as a remedy, the result is the other extreme—inactivity. He is not reasoning, but merely guessing, and he is only recommending a greater evil as the remedy for a lesser evil. It is more illogical than prescribing the bite of a white dog as a remedy for the bite of a black dog. To bring down both wages and prices proportionately does not make anything for the consumer nor give him any more clothes or food, but **it makes him feel worse.**

Now, after we have had the excitement of raising prices and wages, and a confusion of prices, and many of us been defrauded by the shake-up, and the people have gotten, in a measure, adjusted and begun to "pound" the fellows that went too high, these false philosophers would upset things **again—much worse—**by driving down both prices and wages **with this promiscuous decreasing of the volume of money.** This would enable some merchants to obtain new stocks cheaper and therefore force losses on merchants heavily stocked and owing on old goods—it means bankruptcy for much business. One bankruptcy influences others. They upset the market and ruin other merchants.

If it be possible to decrease the inflation slowly enough for the merchant to unload the loss on the consumer, it is a loss just the same, **and effects the public mind with a feeling of depression** as far towards that extreme as the raise in prices excited the mind with the thought of prosperity. (This mental condition governs conduct—thereby industry is either started or stopped.)

It costs a panic to deflate currency sharply, or a slow lingering period of hard times, if de-

flated gradually. Everyone is hurt mentally and financially and no one is helped, excepting the money hoarder and mortgagee, who has no relatives and whose worldly possessions are **exclusively** money, mortgages and bonds, who by hard times or panic gets more labor and produce for his credit—its value increases as the price of everything else falls. But even his dishonest, covetous advantage, at such an expense, is merely a psychological problem of thinking he is ahead, because the money-owner and creditor must bear his share of the national loss in money and misery by his association and living in such environment, and maybe in many instances on account of such calamity he may lose much of his credits, on foreclosure sales, and even imperil the nation by inviting disasters. **(No one** should want either an acute or a lingering panic.)

The ideal state of prosperity is to hold wages up and make them substantial at about the figure where they have by any past circumstances gradually arisen, and then arrange to fix them there, or very slightly above the present average, to remain with absolute certainty so that men using labor in building, and in manufacture, will be unafraid to go on with business and know that competitors would not be able to obtain cheaper labor so as to drive the prices of these investments appreciably below their present cost of construction. (Things would move with such a situation.)

I would very much like to be able to arouse business men to an appreciation of the danger of any material deflation of currency,—a thing which would be something terrible. I know that with their attention I can show them how prices may be stabilized and held where they are without a chance of skyrocketing either downward or upward, excepting only that the

unreasonable price of the organized profiteer should and would come down to cost and fair profit on duplication, under the ban of independent regulation, or honest competition ordinarily provided against under the common law.

The thing to do is not provide for a blind and foolish increase by a continuation of the unscientific, riotous Federal Reserve loans to favored classes, nor a blind and foolish arbitrary decrease of even this currency without regard to any scientific reasoning of when, or where, or how much, to decrease.

It is not a good thing to have an arbitrary, directed and designed contraction creating a premeditated depression as the Federal Reserve Banks are doing.

I wish to present a skillful method of both increasing and decreasing currency so as to stabilize prices and business transactions.

I have sought to present this question before, but found great difficulty in making the one point essential to its success clear enough to be thoroughly understood. The following extract from a review in the "Accountant" of London, by a stranger, gives a fairly accurate condensed statement stripped of all argument and any attempt to answer objections and questions, to-wit:

DEBTS OF TODAY AND HELL TO PAY

* * *

The above is the title of an interesting little book written by John O. Yeiser, an American, setting forth his ideas for the revolutionizing of the present system.

He contends that our financial system has never been adequate for times of peace, because of the great hordes of unemployed and underpaid men, and that the world's mere handful of gold—nine billions of dollars—will never circulate fast enough to pay all the present vast debts, estimated at some 318 billions of dollars,

the interest upon which at 4 per cent amounts to 12¾ billions of dollars per annum.

The system presented is one whereby human energy—that is to say, labour-power as distinct from any product of labour—may be used as a standard of values upon which a medium of exchange may be based, without disturbing the use of gold money. It consists in the Government purchasing all unemployed and underpaid common labour at a fixed rate—such labour to be employed on public improvements—and selling common labour to private individuals on demand at the same rate. It is claimed that it would automatically expand the currency wherever needed by the Government purchasing the labour of the unemployed and underpaid by the issue of the new paper money, and would by its own self-action check the expansion as soon as a sufficient quantity had been issued, i. e., by reason of the fact that money being plentiful in a district, private enterprise would be able to offer slightly more than the Government for labour. State control of labour, or paternalism, is not the aim of the scheme.

The Treasury would need to be divided into three branches:

1. A branch for the creation of new money to be "earned" into circulation.
2. A branch constituted for revenue raising, exactly as the present Treasury.
3. An audit and redemption department.

The redemption department would be quite separate, and when money was tendered by private persons to be redeemed because money being plentiful in a district, labour demanding appreciably more than the fixed rate, the Government would furnish labour at the fixed rate, and destroy the money paid for it. The wages and expenses of this department would be provided by taxes collected from the people by the revenue branch. Thus a part of the issued money would be used, without taking it from circulation, to redeem about an equal part taken out of circulation and destroyed.

Similarly, the army would be constituted of three distinct branches:

1. The present army for military duties.
2. The organization for the employment of the unemployed and underpaid men — (men through whom money is issued).

3. The organization of redemption, i. e., the men employed by the government for the return of labour power to private individuals in order to redeem currency—(lessen the volume).

* * *

The book is well worth reading, especially at the present time when all the world is considering reconstruction. Political economists tells us that labour is the basis of all wealth, so that the system would appear to merit consideration.

Experimenting with men who have read this theory in the book—men of the best intellects—and it is surprising how they fail to understand the one simple principle upon which the book was written. (The gentleman from London is an exception, as he very clearly understands the theory, although he may not make it clear to others.) Often they show considerable interest in some mere incidental feature, without ever observing the real soul, or purpose, of the work: They pretend to understand, or think they do, and deceive you with perfect candor, but, questioning, or correspondence, has shown they did not comprehend the one predominant idea.

Now, then, right here at this place, I have determined to make that one thought perfectly clear and unforgetable to any average person by showing him with his own hands and eyesight an object lesson of how the inflated currency will of its own accord, or automatically, diminish to the proper degree, and then of its own accord stop decreasing as accurately as it would of its own accord increase to about the proper degree and then of its own accord stop increasing.

I want you to follow these instructions with your own hands and use bits of paper to represent this money and a checker board, or a book, or some definite space, to represent the area of the United States and use your imagination for two bodies of men, viz.: the Army of Issue and

the Army of Redemption, and then follow out the directed movement to see the principle as an aid to the description in the text of this book. Then you may read the answer to every conceivable objection and the great possibilities and advantages suggesting they are greater than any one's imagination may prophecy. **I want you to see how the issue of this money actually does diminish in volume.** Then you may read the book with a clearer understanding and in conversation see that your confrere knows the theory by asking him to demonstrate with bits of paper just one thing, and that is how the process of contraction naturally operates. If he tells you that, then you may be assured he understood the book. I am insistent about this, because of numerous surprises I have had in assuming readers understood when in fact they did not.

If you understood the book without this suggestion it looked so exceedingly simple that you assumed any one else who had glanced at the book also understood it, and you became disappointed at his lack of interest. Bear in mind that when you caught the principle you caught it like a flash. It may be the man you talked to only became interested in various paragraphs standing alone. These paragraphs are there merely to aid in making the one idea understood. The person you talk with may say he favors a labor basis for currency and really not know how substantially he is speaking. But remember there is only one way to make such a currency and any deviation is something else.

I do not know why this question is so confusing; it should not be. Some state of existing mental condition makes it perplexing to the casual reader. **But the exercise I am about to present will surely bring out the simple yet powerful truth that will abide with you and make it**

stand out through a second reading of the book as clearly as the stereopticon will vivify a picture.

It may be that this stumbling over two or three rythmic mental movements reveals the natural clumsiness of every man, under certain conditions, and that it is as difficult to catch some mental figures as it is for one, who was never taught to dance, to avoid tangling his feet in the first efforts to follow the very simple directions, if merely told, but is not shown how to dance.

DEMONSTRATION

To actually demonstrate and enable the reader to understand and explain how this currency will expand and contract itself, take the checker board mentioned, or a book, or square space, of convenient size, upon a table before you to represent the area of the United States.

Next take an abundance of paper and scissors and place them below the lower left hand corner. Call that the department of issue.

It is the printing press department. You print it or make it with the scissors when you need it, i. e., when men are getting less than $10.00 per day, or partially unemployed.

Clip off sixty-five or seventy pieces about an inch square. Distribute this over the board, say one for each of the sixty-four squares of the checker board, assuming that this represents a demand sufficiently supplied. (See Fig. 1.) Call this distribution "earning" new money into circulation. It would not go out in just one pile, if the standard be fixed at $10.00 per day for common labor. If too much be earned into one locality, money would be so plentiful there that labor would be able to get eleven or twelve dollars for private employment and they would

stop working there for the Government at only $10.00 per day. That would stop increasing there, but it would go on increasing at other places so as to gradually place it over the whole nation. So, therefore, from the printing press department, or from under your scissors, you neatly cover the board evenly, as stated, and then stop, because we will assume the United States is supplied with enough so that ordinarily any one for common labor may obtain ten or eleven dollars per day from their money-supplied neighbors at private employment. Hence, you could not find enough men in any one part of the country, who would form a body to demand work from the Government at the lower standard of $10.00—surely, not as long as the neighbors pay $11.00—so the printing press, or the scissors, stop work. In illustrating, there is no need to cut up any more paper—it would not be absorbed into circulation. It is not money unless pulled by the force of necessity in "earning" it off the printing press.

Now then take off from different places over the board about twenty pieces of paper and put them in a pile just above the upper left hand corner and call them taxes collected from the people into the Treasury. Then take, say, sixteen pieces and place them just above the upper right hand corner in a pile and call that profits or money hoarded by the big industries. (See Fig. 2.)

At this time just suppose that common labor remaining so independent that it insists on $2.00 more than the standard and generally obtains $12.00 per day or even $10.50 or $11.00 per day. What then? The men or institutions desiring large numbers of laborers will ask the Government to redeem some of this money—to furnish them labor at the standard wage of $10.00 per day.

Now, take the sixteen pieces of paper to represent surplus of these employers from the upper right hand corner and assume a bunch of these big employers of labor have tendered it to the Government for redemption. Therefore, move this over to a point just above the upper center of the board. (See Fig. 3.) That represents a tender to the Government and demand for labor. Now, take sixteen pieces from the Treasury, or the pile over the upper left hand corner, to represent pay of the wages of the Army of Redemption, plus the other four slips to represent an overhead expense. Take these twenty pieces of paper to illustrate payment of redemption army of Government laborers and distribute it over the checker board as if among the people like this army of redemption laborers having been paid would spend their wages. This goes back into circulation among the people from whom it had been collected as taxes. It is paid the redemption army for their work redeeming the sixteen pieces tendered from the pile at the upper right hand corner.

Now, what will we do with the sixteen pieces of paper from the upper right hand corner? We cannot give them back to the employer, because he has tendered it to the Government and been given the labor for it. It was issued for labor originally and passed as money until the labor was returned for it. It has performed its function. It has been redeemed and should be cancelled.

Therefore, take that pile of sixteen pieces (which had been shoved from the above left hand corner to the point above the center of the board)**—take that off the table to be burned up or thrown in the coal bucket, or cuspidor, or waste basket, to represent its destruction or passing out of circulation. Put it in the ash**

tray or something to the right of the board to represent a furnace. (See Fig. 4.)

It will be seen that twenty pieces were used without destruction to get rid of sixteen pieces which were taken out of circulation and destroyed.

Next, as the tendency for contraction will gradually lessen as the quantity is lessened, take about eighteen pieces for the Treasury, as though collecting taxes for the left hand corner, and say twelve or fourteen pieces for the employers, or the right hand corner. (See Fig. 5.) Then, repeat as you did before by shoving over the pile from the right to the center, as a tender for redemption.

Then, illustrate paying of the Government laborers, from taxes, and not from the printing press, and also to illustrate how they spend their wages back into circulation, you will, therefore, take the tax collected pile from the upper left hand corner and distribute back on the board and then put the pile from the upper right or center into the waste basket. This is destroyed, as stated, because it was issued by the Government for private labor and taken back in return for public labor.

Go on again and again, repeating this, gradually lessening the number to twelve, ten, eight, moving as before, and you will see this paper issue gradually swept off the board just as such a money would be contracted or deflated at exactly the proper time or place in Governmental use. (See Figs. 6 and 7.)

It is easy to assume then that the new money would be absorbed or decreased to such an extent that its scarcity would bring common labor below $10.00 per day (if that be the standard fixed) and down, say, to $9.00 per day. We will assume that when only eight or ten pieces of paper are left on the checker board, money is so

scarce labor would be forced down to $9.00 per day. If it should even approach $9.00 per day, and the Government would employ all idle or underpaid men at $10.00 per day, issuing its new notes as legal tender, **you could, to illustrate such an increase, just pick up your scissors and clip up more little squares of paper as you did before, and place them over the board just as you did in the first instance to illustrate the "earning" of money into circulation. (See Fig. 8.)**

Now I shall introduce one other movement that was previously omitted to avoid complication. No further pictures will be required.

This move is a sort of whirl like the mixing of money in circulation. With this addition the operation over the checker board will look like an unending game, just as the business of the world should be.

For instance, take a pencil and stir twice around the checker board when the papers are in place to represent the circulation of money and the changing from profligate to provident hands. Then remove all pieces of paper, where they overlap, piling them aside in the proper corner to be redeemed in the manner shown. Then take an equal number from different parts of the board, like a tax would be gathered, for the other corner—the tax corner. Then drop the tax papers from about a foot above so they fall, instead of placing them on the board, to represent the spending of the wages of the army employed redeeming the other pile you destroy. Then cut up new slips and fill all openings in which you may place these slips without touching other pieces.

Then stir again and again removing all pieces that overlap, and repeat each act of collecting taxes, etc., as demonstrated, noting the impossibility of ever being able to get either too

much or too little on the board. Follow these rules and you would never get rid of the paper and it would never pile up.

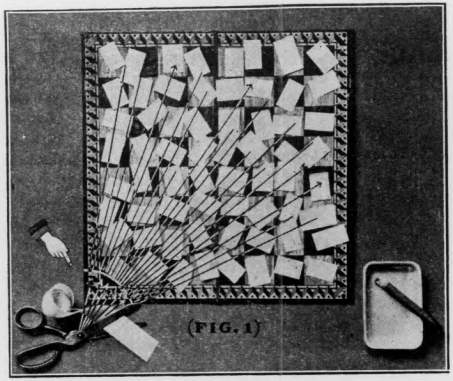
You could even take a grab at the center of the board with one hand and carry all you pick up into an adjoining room, to represent migration or hoarding or conspiracy to corner money and then see how the space fills upon following the rules. Then, after running the "game" awhile, bring back the handful from the other room and scatter it over the board, and watch the overlapping disappear.

Now, then, instead of "solitaire," play a game or two of "Prosperity" and learn how to settle the squalor of nations.

This clumsy mechanical model will show you how the principle working so smoothly and so delicately on each part of the board, would operate with slow-moving great bodies of men of a nation, in every part of the country, and in the country at large, where common labor would scarcely vary from the standard fixed for the issue and redemption of this new safety currency.

The following figures will aid you in arranging to move the paper currency as directed above. Do not be satisfied to look, but try it. Then I shall be gratified to have you read the argument in "Debts of Today and Hell to Pay," where all questions, and objections, are fully and completely answered. Every product of labor is excluded—man-power is the basis; variance between individuals does not appear in numbers; not a sentimental thing for laboring men (a mere part of humanity), but a system for the business of the world. Hundreds of questions are answered:—Every objection you may conceive is answered, and beautiful things to be expected are related.

Omaha, August, 1920.



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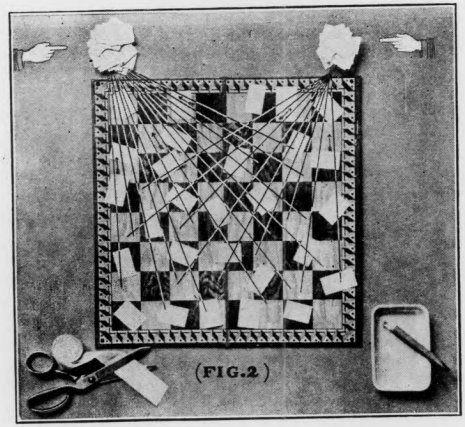

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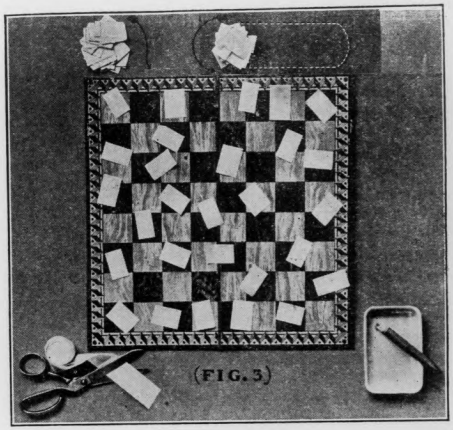

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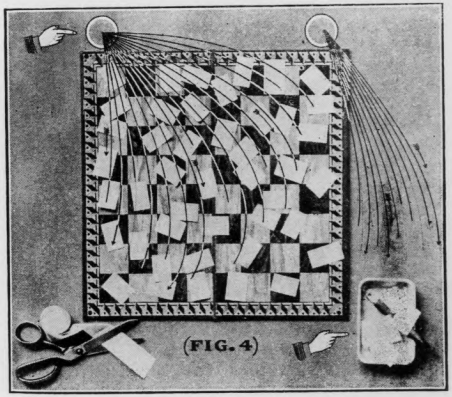

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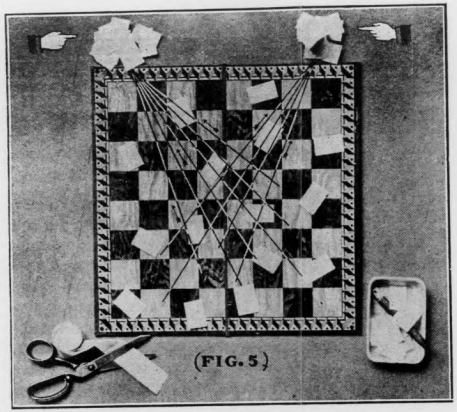

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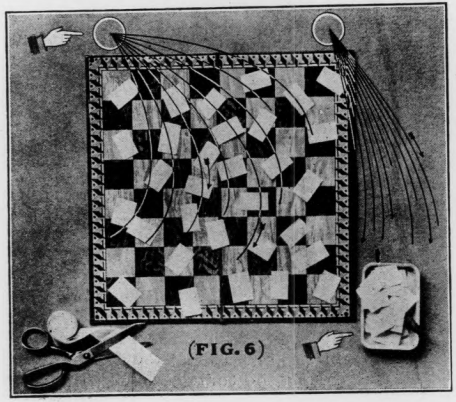

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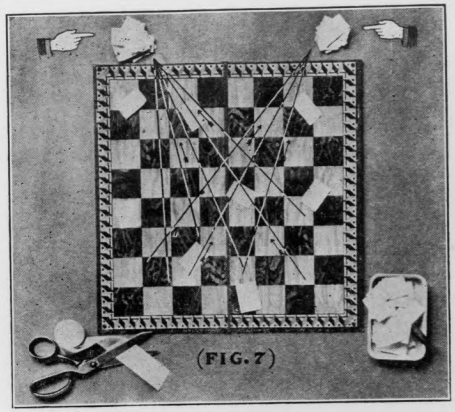

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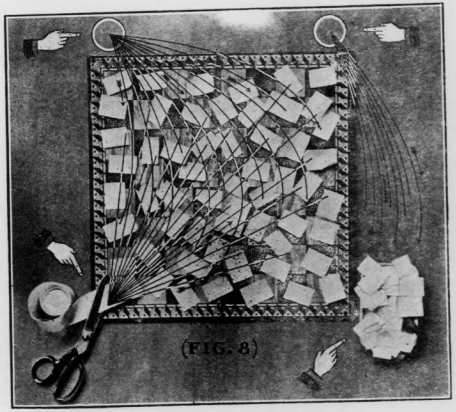

(FIG. 8)

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